

Digital Transformation: What's Next for U.S. Banks?

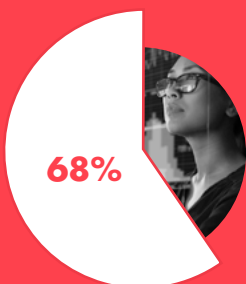


The inside story from 250 senior U.S. banking leaders

To lift the lid on the state of digital transformation in U.S. banking, we surveyed 250 senior U.S. banking leaders for their insights. We asked them how their transformations are going, what their main challenges are and how they're prioritizing their transformation strategies.

Here's a snapshot of what we found.

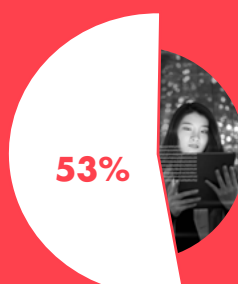
KEY STATS AT A GLANCE



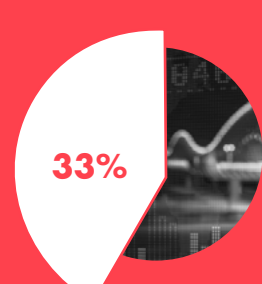
Over two-thirds admit to evolving customer expectations have highlighted the weaknesses in their organization's current customer experience.



Almost seven in 10 believe their firm's legacy systems and infrastructure are hindering them from providing the digital experiences their customers expect.

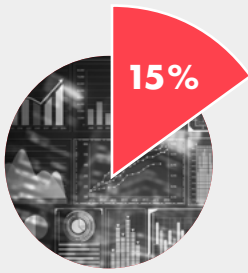


Over half cite AI and emerging technologies as their company's number one priority over the next three years.



Three in 10 have a fully agile operating model.

The top priorities for digital business transformation in U.S. banks are:



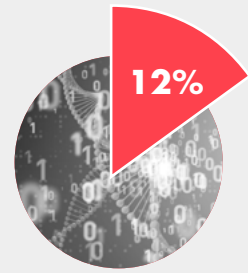
Improving cybersecurity



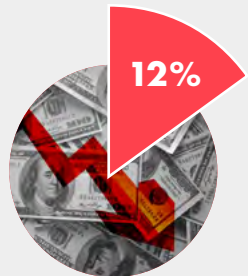
Improving the customer experience



Enabling greater agility



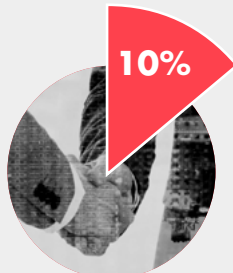
Growing revenue with new products and/or service offerings



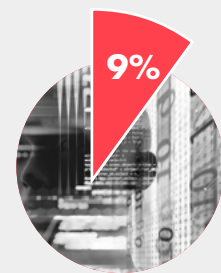
Reducing costs through improved efficiency



Growing revenue from existing products



Acquiring new customers



Challenging the threat posed by new market entrants (e.g., Google, Apple, Amazon)

The three main barriers to digital transformation are:



OPERATIONAL AGILITY

38%

ranked operational agility as their number one barrier, although only 23% are making developing agile capabilities a priority.



LEGACY TECH

38%

said that old technology and legacy systems were the main things holding them back.



REGULATORY CHALLENGES

36%

cite regulatory challenges as the biggest barrier to digital transformation.

Personalizing customer journeys is a priority for U.S. banks

Banks want to use data to create new products and services that deliver more personalized omnichannel experiences.



44%

said that creating personalized customer journeys (e.g., tailored marketing, personalized saving tips based on individual spending habits) was their main objective.



41%

are combining customer data across different systems for a richer understanding of their relationship with customers.



36%

are putting community engagement (e.g., educational tools and games to improve financial literacy among children, remote access for customers who lack digital skills) at the center of their CX transformation.

U.S. banks are transforming how they operate

Banks are transforming to survive in the customer-centric digital era. Their transformation priorities extend across people, partners, technology and culture.

GENERATIVE AI

40% 

are prioritizing generative AI for internal use.

DATA AND ANALYTICS

37% 

are prioritizing data and analytics to better understand their customers.

DEVELOPING TALENT

32% 

state that investing in existing talent (e.g., upskilling, reskilling) and new talent (e.g., hiring digital skill sets) is an operational priority.

How do U.S. banks think they stack up?

 **61%**

think they're ahead of their competitors when it comes to their ability to transform customer experiences.

 **91%**

think they're ahead in key development areas, such as innovation for products and services.

AI is now in play

Banks in the U.S. see the potential of AI technologies to boost digital transformation.

SPEED

76% 

believe AI's biggest potential is in making processes more efficient, profitable and faster rather than doing them better or more accurately.

INVESTMENT

35% 

of banks' customer experience digital transformation investment will be prioritized for machine learning, AI and generative AI.

CAPABILITIES

79% 

say they will prioritize non-customer-facing generative AI over the next three years to improve capabilities.

Internal uses of generative AI are the focus—for now

Nearly two-thirds (65%) of banks are pursuing transactional generative AI use cases such as credit analysis, portfolio management, underwriting, risk measurement, legal contracts, proposals, RFPs, pitch documents and more.



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